

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF MANAGEMENT SERVICES  
BUREAU OF FISCAL SERVICES

ACCOUNTING POLICY

TOPIC: Audit 3.0	EFFECTIVE DATE: 1/23/91
TITLE: Audits of Non-Profit Agencies (Circular A-133)	REVISION DATE: 10/31/92
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**BACKGROUND**

On March 8, 1990 the Office of Management and Budget issued OMB Circular A-133 (Audits of Institutions of Higher Education and Other Non-profit Institutions). This bulletin established audit requirements for non-profit organizations receiving federal awards. Provisions of Circular A-133 were effective upon publication and apply to audits of non-profit organizations for the fiscal years that begin on or after January 1, 1990. These provisions apply to non-profit organizations, whether they are recipients, receiving awards directly from federal agencies, or are subrecipients, receiving awards indirectly through other recipients. The Circular requires all prime grantees to assure that non-profit subrecipients are audited according to the provisions of the Circular.

Audit requirements for non-profit organizations are based on the total of awards received from all federal sources as follows:

1. Non-profit organizations that receive \$100,000 or more a year in Federal awards shall have an audit made in accordance with the provisions of the Circular. However, non-profit organizations receiving awards under only one program, have the option of (a) having an organization-wide audit of their organization prepared in accordance with the provision of the Circular, or (b) having an audit made of only that one program.
2. Non-profit organizations that receive at least \$25,000 but less than \$100,000 a year in Federal awards shall have an audit made in accordance with the Circular, or have an audit made of each Federal award, in accordance with federal laws and regulations governing the programs in which they participate.
3. Non-profit organizations receiving less than \$25,000 a year in Federal awards are exempt from federal audit requirements, but records must be available for review by appropriate officials of the federal grantor agency or sub-granting entity.

This Circular has imposed much more extensive audit requirements for organizations that participate in federal programs, particularly with respect to compliance reviews and more detailed exhibits of federal expenditures.

**POLICY**

Department policy to comply to and require compliance with the requirements of Circular A-133. Contracts with non-profit agencies should include provisions requiring compliance with Circular A-133. Every division in the Department is advised to notify those non-profit agencies it funds with federal funds that they are subject to the audit requirements of Circular A-133 for any fiscal year beginning on or after January 1, 1990.

**REFERENCES**

*OMB Circular A-133 "Audits of Institutions of Higher Education and Other Non-Profit Institutions"*

**AUDIT 4.0 (Audit Resolution Policy: Sub-recipient Audits)**

**CONTACT PERSON**

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